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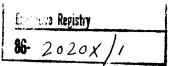
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Central Intelligence Agency





13 / 10

Mr.	David	Atlee	Phillips	

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Dear Dave:

Thank you for your recent letter and for the interesting information about CHALLENGE.

I enjoyed our discussion at Naples. It is always a pleasure to hear from you.

Yours,

Ist William J. Coast

William J. Casey Director of Central Intelligence MEMORANDUM FOR: Director of Central Intelligence

9 June 1986

FROM:	George V. Lauder Director, Public Aft	fairs Office		
SUBJECT:	Letter of Appreciate	ion - David Atlee Phi	llips	
Mr. Phillips' in action fund. 2. Backgrointerest to Mr.	deformation about CHALL ound: During your re Phillips about CHALLE	attached letter acknown. ENGE, an intelligence ecent Florida trip, you ENGE. ttached letter to Mr.	e officers' ou expressed	legal STAT
		George V. Lauder		
Attachment				
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Director of Cent	ral Intelligence	Date		
DISAPPROVE:				
Director of Cent	ral Intelligence	Date		

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David Atlee Phillips	

Executive Registry

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14 May 1986

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The Honorable William J. Casey Director of Central Intelligence The Central Intelligence Agency Washington, D.C. 20505

Dear Director Casey,

It was a pleasure to have the opportunity to talk with you during the recent dinner in Florida.

During our conversation you expressed interest in my book for young people who contemplate intelligence careers. Enclosed find a copy of <u>Careers in Secret Operations</u>.

You also asked for information about CHALLENGE, an intelligence officers' legal action fund. Enclosed find the most recent report made to CHALLENGE supporters.

This would seem the appropriate time to set the record straight on one news item. You will note that the Washington Times report about my recent litigation settlement contains the statement that I was disappointed by the lack of support from the CIA in my legal battle. I never said that. The words were put into my mouth by the Times reporter in the wake of a series of questions asking me to confirm that CIA had secretly funded CHALLENGE, and consequently me, during several law suits.

In fact, while CIA did not support CHALLENGE financially, the assistance provided to me by Agency lawyers was outstanding. The attached letter written by one of my attorneys to indicates how fine the performance was.

STAT

Sincerely and cordially,

David Atlee Phillips

DCI EXEC REG

(-13/-TK



27 April 1986

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Dear Challenger

Now into another year, we have good news and bad news. But before telling you of that, I call your attention to the list of officers, directors, and advisors to the left. They were elected and affirmed for the current year at our annual meeting in November. Missing from this year's list of advisors is James Buckley. He asked to be removed because of appointment to be a justice on the U.S. Court of Appeals for the District of Columbia. Remaining as an advisor to a legal action fund would have placed him an awkward position.

Now for the good news. The second of four suits we have supported, that of David Atlee Phillips against those responsible for writing and publishing the book "Death in Washington" in which he was implicated in the murder of ex-Chilean diplomat Orlando Letelier and an assistant among other acts, has ended, favorably.

After extended pre-trial proceedings, the defendents sought an out-of-court settlement. This resulted in the filing in the U.S. District Court for the District of Columbia of a statement retracting completely all statements they made in the book and a press conference about Dave, including a repetition of the allegation of Dave being Lee Harvey Oswald's case officer under a pseudonym. This statement was placed in an ad in Publishers Weekly (see the attached package), following a press conference in Washington on 14 February. Selected reports on the press conference are also in the package. If this was not covered in media in your area, feel free to use it and let us know how.

FYI: Dave is pursuing a suit in England, without CHALLENGE's assistance, against the London Observer, under whose auspices was the initial publication implicating him in the John F. Kennedy assassination as Lee Harvey Oswald's case officer under the name Maurice "Morris" Bishop occurred. He is being assisted in this by a British member of CHALLENGE. It is expected a favorable outcome may be achieved later this year.

As for other cases for which CHALLENGE has provided support, we have heard nothing new since our last report to you about the suit by Ambassador Nathaniel Davis, etal, against those responsible for the book and movie "Missing." I would note that the person responsible, Costa Gravas, also produced the movie "State of Siege" about another government employee killed in Uruguay, in which the truth was also distorted apparently to confirm with his political predilictions.

Of the two requests for CHALLENGE assistance noted in my last communication to you, we have heard nothing further on one for which we asked for additional information. In the second, that of Adolph Saenz, additional information was forthcoming as requested. He provided a lengthy report on what had occurred in his case and a list of the expenses that had been incurred in the pre-trial interrogatories. After reviewing this material, the board voted to send him \$2,000 for some of his expenses. He expects to submit a request for additional assistance.

(Over)

P.O. Box 34320, Bethesda, Maryland 20817

Telephone: (301) WH2-2085

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FORMER INTELLIGENCE OFFICER WINS COMPLETE RETRACTION AND FINANCIAL SETTLEMENT IN LIBEL SUIT

CHALLENGE, Inc., an intelligence officers' legal action fund, today announced in Washington, D.C. that a libel suit for which it had provided financial assistance was resolved when four of five defendants sued by David Atlee Phillips for malicious libel retracted allegations about the former CIA officer and entered into an out-of-court financial settlement for an undisclosed amount. The defendants, in a 1980 Washington press conference and later that year in a book, had alleged that Phillips and the Association of Former Intelligence Officers (AFIO) had been involved in the 1976 assassination of former Chilean diplomat Orlando Letelier. The book also repeated the canard that Phillips used the alias "Maurice Bishop" as CIA's case officer for Lee Harvey Oswald.

The details of the retraction are contained in a Statement of Retraction (See Attached) signed by the defendants and submitted this morning to Judge Jackson of the United States District Court for the District of Columbia, ending almost five years of litigation. (Civil Action No. 81-1407 and Civil Action No. 81-2578). Two of the defendants, writers Donald Freed and Fred Simon Landis, together with journalist John Cummings, participated in the 1980 press conference in which Phillips, AFIO, and other organizations and former government employees were accused of engaging in a conspiracy to cover up facts leading up to and following Orlando Letelier's assassination. The fourth defendant, Lawrence C. Hill, publisher of Death in Washington, also signed the statement of retraction and participated in the settlement with plaintiff Phillips. The whereabouts of the fifth defendant, William F. Pepper, have been unknown for five years, despite attempts of private investigators to locate him.

Contact: Capt. J.E. Dolan, USMC Ret.

LIBEL ACTIONS BEING ASSISTED FINANCIALLY BY CHALLENGE

(An Attachment to the CHALLENGE press release of 14 February 1986)

Litigation by former CIA officer.

David Atlee Phillips is a retired CIA official who, in 1975, founded the Association of Former Intelligence Officers (AFIO). The association promotes the need for a strong U.S. intelligence capability and Phillips has personally been active in writing and speaking to defend that thesis.

By 1981 a pattern of malicious allegations about Phillips and other former government employees became evident. In addition allegations were being made increasingly about AFIO and similar organizations advocating a strong national security policy.

Perhaps emboldened because Phillips had become a "public figure", and thus needed to prove malice in any libel action, writers and editors became more flagrant in their allegations. In 1979 a book published in England argued that Phillips may have been a person called "Maurice Bishop", a CIA case officer who allegedly was in contact with Lee Harvey Oswald before the assassination of President John F. Kennedy. The book was published in the U.S. early in 1980. The same "Maurice Bishop" allegations were repeated in October, 1980, in a booklength article in "Washingtonian" magazine. In none of these instances was Phillips contacted before publication for comment on the charges, particularly so for the "Washingtonian" article though Phillips had written two articles related to intelligence for the magazine and was working personally with Washingtonian editor Jack Limpert on a third article, and thus available, when he was surprised by publication of the defamatory story.

Also in 1980, a press conference in Washington, D.C. accused Phillips and AFIO, among other persons and organizations, of involvement in the assassination of former Chilean foreign minister Orlando Letelier. Phillips was surprised by the press conference, and was not given an opportunity to comment about the allegations. Nor was he contacted before publication of a book later in 1980 reiterating the press conference charges and repeating the "Maurice Bishop" allegations.

Originally CHALLENGE was organized to provide financial assistance to Phillips after he decided to file libel suits. In the case against "Washingtonian", Maryland lower courts dismissed it because, in the court's opinion, Phillips was a public figure and would not be able to prove malice. A libel suit instituted by Phillips in London, where the "Maurice Bishop" allegations were first published, has passed the pre-trial stage; a trial date will be announced shortly.

A timely example of the continuing defamation of former government employees is the current release of a new book on the Kennedy assassination by author Henry Hurt, published by Henry Holt and Company. Hurt has repeated the "Maurice Bishop" allegations about Phillips in a selective manner. And——once again——Phillips was not contacted by the author for comment prior to publication.

The Statement of Retraction is the out-of-court resolution of two suits by Phillips in the matter of alleged complicity in the death of Orlando Letelier, and of his connection with Lee Harvey Oswald.

lews of the Week

Publishers Weekly

EDITED BY MADALYNNE REUTER with Marianne Yen

Ex-CIA Official Settles Suit Over Letelier Book

former CIA official, who sued the authors and the publisher of the 1980 book, Death in Washington, has agreed to settle out of court for an undisclosed sum of money and a published retraction.

The agreement, submitted to U.S. District Court in Washington February 14, ended a 41/2-year effort by David Atlee Phillips to clear his name of charges made by authors Donald Freed and Fred S. Landis that he had led an effort to mask the connection of the 1976 assassination of Orlando Letelier, former foreign minister of Chile, and the CIA.

Although the amount of the financial settlement between Phillips, Lawrence Hill & Co. Publishers of Westport, Conn., and the coauthors was not disclosed under terms of the agreement, Phillips said in an interview, "It's a sum suitable to us...the symbolic part of the act is important to us."

The agreement for a retraction requires a full-page advertisement to be taken in a "major media magazine." It will say that the authors regret any suggestions that Phillips obstructed justice, was an accessory before and after the fact of the murder, conspired to defame Letelier, and acted as an unregistered foreign agent.

Hill's part in the retraction says, "In light of the foregoing statements by the authors, the publisher expresses its regret that the book as published contained the statements now retracted by the authors."

The suit, which sought \$120 million, was backed by Challenge Inc., a legal action fund founded by Phillips to help former intelligence officers and other former government officials bring libel suits. The fund remains active.

At the time the suit was filed,

Lawrence Hill accused Challenge of attempting to silence a publisher of books critical of the intelligence establishment and stated that he had no intention of altering his publishing program because of the suit. "I really am very much in the mood of fighting back and using this thing to expose these guys," Hill said. (Hill was on vacation when the settlement was announced and could not be reached for comment.)

The retraction statement indicates, however, that the circumstances of the case made it difficult for the defendants to launch a defense. The state-

ment says, "Beca: Phillips' long career the courts made it Freed and Landis to essary evidence fo fense."

Phillips indicated settlement was not tory and said, "I tl exonerated to the ex think our system should allow exc Phillips, who is a w self, added, "It's a ve line, whether you're. journalist or an in man, to know just 1 line is between Amendment and the secret operations."

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-NEW YORK TIMES

Ex-C.I.A. Agent Gains Retraction by Authors

WASHINGTON, Feb. 15 (Reuters). A legal action group that defends former United States Intelligence officers has announced its first victory - the full retraction of an assertion that a former C.I.A. agent was linked to the kill-ings of President Kennedy and former Foreign Minister Orlando Letelier of

The group, Challenge Inc., an intelligence officers' legal action fund, said Friday that the authors of "Death in Washington," a book on Mr. Letelier's slaying in 1978, had retracted the allegations against David Phillips, the former agent, in an out-of-court settlement.

The president of Challenge, J. E. | various Dolan, a retired Marine Corps intelligence captain, said the group was financing a lawsuit against the author of ions the the book "Missing" and the makers of

a popular film based on it. here has "Missing" asserted that United we have States officials took part in a coup that toppled President Salvador Allende dives this Gossens of Chile in 1973.

"Death in Washington," by Donald xuraging Freed and Fred Landis, asserted that Mr. Phillips, using the alias "Maurice Bishop," served as a C.I.A. case officer for Lee Harvey Oswald, who was arad in the killing President Kennady in 1963.

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Libel Suit Settled

■ A former CIA agent who filed suit in federal court here against the writers and publisher of a 1980 book that accused him of priplaying a role in the assassina- ing tion of former Chilean ambas- J.S. sador Orlando Letelier has set- vid tled the case in exchange for a Aspublic retraction and an undis- live closed amount of cash. ak-

David Atlee Phillips had said icihe was libeled by assertions in sethe book "Death in Washington." ew written by Donald Freed and air-Fred Simon Landis and pub-nitlished by Lawrence C. Hill.

A statement filed in U.S. Dis- and trict Court said the defendants der in the suit "now retract any ay, charges or allegations" made J.S. against Phillips and that "the terpublisher expresses its regrets vil that the book as published con- ver tained the statements now re- und tracted by the authors."

Phillips, founder of a group aimed at fighting public misstatements about the activities of former intelligence officers, said he hopes that the settlement will send a message "to im, irresponsible critics who think they can write total, outrageous nonsense."

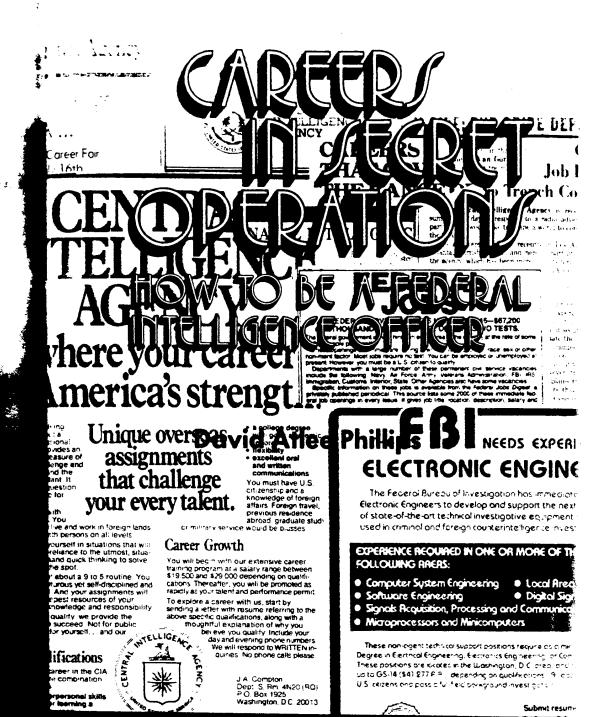
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-Herbert R. Lottman





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erodes the whole basis of support for the First it encourages that sort of activity by others and it someone else and is allowed to get away with it, "When someone publishes a reckless lie about Amendment."

——Jody Powell, explaining why Jimmy Carter threatened to sue The Washington Post about the allegation that Carter had bugged conversations of Ronald Reagan in Blair House.

HOW CHALLENGE BEGAN

Challenge, Inc., was established in 1980 to provide financial assistance for litigation by former intelligence officers who believed they had been defamed. To date Challenge has received contributions from some 600 supporters.

publishers who allege he was involved in the assassination of John F. Kennedy and,

in the second case, the murder of

Orlando Letelier.

WHAT CHALLENGE IS NOT

Challenge is not an organization which desires to intimidate the media; nor does it advocate changes in the legal and Constitutional systems. We believe that an open and robust discussion of public issues is necessary in American society.

Challenge is not in any way connected with the U.S. Government.

Challenge is not a legal defense fund—it does not support defendants in legal

WHAT CHALLENGE IS

Challenge is a private legal ACTION fund, intended to provide financial and other support to government employees, active and retired, who become plaintiffs in libel suits. Its purpose is to send a message to irresponsible persons that government employees are ready to exercise their Constitutional right to defend their reputations.

CHALLENGE APPLICATION OR RENEWAL

Mail to CHALLENGE, Inc., P.O. Box 34320, Bethesda, MD 20817

Name	
Street & N	Number
City, State	e. Zip
	Enclosed find my check made out to CHALLENGE, Inc., for \$ Keep my name on your mailing list. This is my (check one) first contribution () or a renewal,

Please list on reverse names and addresses of persons you believe would want to participate in CHALLENGE.

WHAT CHALLENGE PLANS TO DO

Publishers Weekly, read by most media

executives.

national media, including an article in

Challenge has been noted in the

Originally, Challenge supported only intelligence officers. The charter has now been modified and Challenge stands ready to support selected government employees or military officers, active or retired, who undertake libel action. Challenge's current endeavor is to raise funds for former Ambassador Nathaniel Davis, Department of State officer Fred Purdy, and Captain Ray E. Davis, USN, Ret. The three men have filed a libel action against those responsible for the book and movie "Missing", which alleges they were involved in a cover-up of the death of a young American filmmaker in Chile in 1973.

HOW TO BE A CHALLENGER

Send a contribution (not at this time tax-deductible) with the attached application for or renewal of Challenge participation. We will keep you advised of our progress.

WHAT CHALLENGE HAS DONE

assistance to former CIA officer David

Challenge has provided financial

Atlee Phillips, in separate libel suits Phillips has filed against writers and

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CENTRAL INTELLIGENCE AGENCY

WASHINGTON, D. C. 20505

PUBLIC AFFAIRS
Phone: (703) 351-2053

5 June 1986

Dear	

STAT

Thank you for writing Director Casey, for whom I am responding.

The Central Intelligence Agency is an intelligence organization rather than a policymaking body. Hence, we are not in a position to advocate your ideas, laudable as they may be. We are nonetheless grateful to you for affording us the opportunity to examine your suggestions.

Enclosed are two Agency brochures which will help you better understand our mission.

G. L. Lamborn Public Affairs

Enclosure

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